



Condensed Interim Consolidated Financial Statements of

**FIORE GOLD LTD.**  
(unaudited)

For the Three and Nine Months Ending June 30, 2018

(Expressed in U.S. Dollars)

**Fiore Gold Ltd.****Condensed Consolidated Statements of Financial Position**

(unaudited, in \$000's of U.S. Dollars)

	<u>Notes</u>	<u>June 30, 2018</u>	<u>September 30, 2017</u>
<b>ASSETS</b>			
Current Assets			
Cash and Cash Equivalents		\$ 7,185	\$ 15,124
Other Receivable		2	536
Inventories	4	11,164	5,849
Prepaid Expenses and Other Current Assets	5	1,069	1,796
		<u>19,420</u>	<u>23,305</u>
Long Term Assets			
Mineral Property, Plant and Equipment, net	6, 7	17,574	21,841
Reclamation Deposits	8	5,133	1,270
Other Long Term Assets	5	738	450
Total Long Term Assets		<u>23,445</u>	<u>23,561</u>
<b>Total Assets</b>		<b>\$ 42,865</b>	<b>\$ 46,866</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable and Accrued Liabilities		\$ 1,679	\$ 3,091
Accrued Payroll and Related Benefits		396	430
Total Current Liabilities		<u>2,075</u>	<u>3,521</u>
Long Term Liabilities			
Accrued Reclamation and Remediation	8	3,676	2,670
Warrant Derivative Liabilities	9	887	6,589
Total Long-Term Liabilities		<u>4,563</u>	<u>9,259</u>
<b>Total Liabilities</b>		<b>\$ 6,638</b>	<b>\$ 12,780</b>
<b>EQUITY</b>			
Share Capital	10	\$ 50,620	\$ 50,551
Reserves	10	4,950	3,905
Accumulated Other Comprehensive Loss		(37)	(25)
Accumulated Deficit		<u>(19,306)</u>	<u>(20,345)</u>
<b>Total Equity</b>		<b>36,227</b>	<b>34,086</b>
<b>Total Liabilities and Equity</b>		<b>\$ 42,865</b>	<b>\$ 46,866</b>

Approved on behalf of the Board of Directors and authorized for issue on August 28, 2018:

"Peter T. Hemstead"

Director (Chair of the Audit Committee)

"Peter C. Tallman"

Director

"Matthew L. Manson"

Director

**Fiore Gold Ltd.**
**Condensed Consolidated Statements of Income / (Loss) and Comprehensive Income / (Loss)**

(unaudited, in \$000's of U.S. dollars, except share and per share data)

	Notes	Three Months Ended June 30,		Nine Months Ended June 30,	
		2018	2017	2018	2017
<b>Revenue</b>		\$ 13,784	\$ 4,855	\$ 33,555	\$ 5,791
<b>Operating Costs</b>					
Production Costs	11	(8,316)	(3,949)	(20,076)	(4,501)
Royalties and Production Taxes		(724)	(195)	(1,695)	(245)
Depreciation and Depletion		(982)	(123)	(1,888)	(143)
<b>Total Operating Costs</b>		\$ (10,022)	\$ (4,267)	\$ (23,659)	\$ (4,889)
<b>Mine Operating Income</b>		<b>3,762</b>	<b>588</b>	<b>9,896</b>	<b>902</b>
<b>Other Operating Expenses</b>					
Project Exploration and Evaluation		(477)	(234)	(1,381)	(910)
General & Administrative	12	(1,427)	(1,963)	(4,031)	(3,569)
<b>Income / (Loss) from Operations</b>		<b>\$ 1,858</b>	<b>\$ (1,609)</b>	<b>\$ 4,484</b>	<b>\$ (3,577)</b>
<b>Other Income / (Expense)</b>					
Accretion	8	(97)	(69)	(294)	(202)
Foreign Exchange Loss		(32)	(3)	(119)	(4)
Loss on Mineral Property Abandonment	6	(8,687)	-	(8,791)	-
Other Income / (Expense)		18	1	57	-
Unrealized Gain on Change in Fair Value of Warrant Derivative	9	1,905	-	5,702	-
<b>Total Other Income / (Expense)</b>		<b>\$ (6,893)</b>	<b>\$ (71)</b>	<b>\$ (3,445)</b>	<b>\$ (206)</b>
<b>Income / (Loss) Before Income Tax</b>		<b>(5,035)</b>	<b>(1,680)</b>	<b>1,039</b>	<b>(3,783)</b>
<b>Income Tax Benefit (Expense)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Income / (Loss)</b>		<b>\$ (5,035)</b>	<b>\$ (1,680)</b>	<b>\$ 1,039</b>	<b>\$ (3,783)</b>
<b>Other Comprehensive Income / (Loss) for the Period:</b>					
Cumulative Translation Adjustment		(436)	-	(12)	-
<b>Comprehensive Income / (Loss) for the Period</b>		<b>\$ (5,471)</b>	<b>\$ (1,680)</b>	<b>\$ 1,027</b>	<b>\$ (3,783)</b>
<b>Earnings Per Share</b>					
Basic	13	\$ (0.05)	\$ (0.04)	\$ 0.01	\$ (0.08)
Diluted	13	\$ (0.05)	\$ (0.03)	\$ 0.01	\$ (0.07)
<b>Weighted Average Shares Outstanding</b>					
Basic	13	97,539,775	47,483,044	97,507,760	47,483,044
Diluted	13	98,197,525	52,607,124	98,165,510	52,607,124

**Fiore Gold Ltd.**
**Condensed Consolidated Statements of Cash Flows**

(unaudited, in \$000's of U.S. dollars)

		Three Months Ended June 30,		Nine Months Ended June 30,	
	Notes	2018	2017	2018	2017
OPERATING ACTIVITIES					
Net Income / (Loss)		\$ (5,035)	\$ (1,680)	\$ 1,039	\$ (3,783)
Adjustments for:					
Depreciation and Depletion		988	128	1,905	160
Accretion	8	97	69	294	202
Share-Based Compensation		280	1,532	1,103	1,532
Unrealized Gain on Change in Fair Value of Warrant Derivative	9	(1,905)	-	(5,702)	-
Loss on Mineral Property Abandonment	6, 7	8,687	-	8,791	-
Change in Assets and Liabilities:					
Other Receivable		782	375	534	-
Inventories		(382)	(2,124)	(4,403)	(3,130)
Prepaid Expenses and Other Assets		356	635	729	564
Accounts Payable and Accrued Liabilities		683	844	387	517
Net Cash Provided by / (Used in) Operating Activities		\$ 4,551	\$ (221)	\$ 4,677	\$ (3,938)
INVESTING ACTIVITIES					
Pre-Production Costs and Associated Working Capital Movements, net of Pre-Production Revenue	7	-	-	-	(2,980)
Additions to Mineral Property, Plant and Equipment	6, 7	(1,381)	(505)	(8,479)	(1,758)
Reclamation Deposit	8	(1,303)	(58)	(3,863)	(60)
Advanced Royalties	5	-	-	(290)	(296)
Net Cash Used in Investing Activities		\$ (2,684)	\$ (563)	\$ (12,632)	\$ (5,094)
FINANCING ACTIVITIES					
Proceeds from Stock Option Exercises	10	11	-	11	-
Special Warrants Issued, Net of Issue Costs	10	-	357	-	4,937
Net Cash Provided by Financing Activities		\$ 11	\$ 357	\$ 11	\$ 4,937
Effect of Exchange Rates on Cash					
		(419)	-	5	-
Increase / (Decrease) in Cash and Cash Equivalents		1,459	(427)	(7,939)	(4,095)
Cash and Cash Equivalents, Beginning of Period		5,726	601	15,124	4,269
Cash and Cash Equivalents, End of Period		\$ 7,185	\$ 174	\$ 7,185	\$ 174
NON-CASH INVESTING AND FINANCING ACTIVITIES					
Change in Asset Retirement Obligation	5	334	(117)	712	(178)
Other Receivable Change Relating to Mineral Property		-	-	-	133
Accounts Payable Change Relating to Capital Additions		(953)	(462)	(1,834)	(417)
Accounts Payable Change Relating to Share Issuance Costs		-	(6)	-	2

**Fiore Gold Ltd.**
**Condensed Consolidated Statements of Changes in Equity**

(unaudited, in \$000's of U.S. dollars, except share data)

(Note 10)	Share Capital		Reserves		AOCI	Deficit	Total Equity
	Shares	Amount	Options	Warrants			
<b>Balance at September 30, 2016</b>	<b>47,483,044</b>	<b>\$ 12,065</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,353)</b>	<b>\$ 10,712</b>
Private Placements - Special Warrants	-	-	-	5,244	-	-	5,244
Fair Value - Warrants	-	-	-	51	-	-	51
Share Issuance Costs	-	(358)	-	-	-	-	(358)
Share Based Compensation	-	-	1,532	-	-	-	1,532
Net Loss	-	-	-	-	-	(3,783)	(3,783)
<b>Balance at June 30, 2017</b>	<b>47,483,044</b>	<b>\$ 11,707</b>	<b>\$ 1,532</b>	<b>\$ 5,295</b>	<b>\$ -</b>	<b>\$ (5,136)</b>	<b>\$ 13,398</b>
Shares Issued on Acquisition	43,453,987	35,138	-	-	-	-	35,138
Special Warrant Exchange	6,554,897	5,244	-	(5,244)	-	-	-
Share Issuance Costs	-	(1,538)	-	-	-	-	(1,538)
Fair Value - Warrants	-	-	-	-	-	-	-
Share-Based Compensation	-	-	2,322	-	-	-	2,322
Other Comprehensive Loss	-	-	-	-	(25)	-	(25)
Net Loss	-	-	-	-	-	(15,209)	(15,209)
<b>Balance at September 30, 2017</b>	<b>97,491,928</b>	<b>\$ 50,551</b>	<b>\$ 3,854</b>	<b>\$ 51</b>	<b>\$ (25)</b>	<b>\$ (20,345)</b>	<b>\$ 34,086</b>
Share-Based Compensation	-	-	1,103	-	-	-	1,103
Issued on Exercise of Stock Options	74,200	69	(58)	-	-	-	11
Other Comprehensive Loss	-	-	-	-	(12)	-	(12)
Net Income	-	-	-	-	-	1,039	1,039
<b>Balance at June 30, 2018</b>	<b>97,566,128</b>	<b>\$ 50,620</b>	<b>\$ 4,899</b>	<b>\$ 51</b>	<b>\$ (37)</b>	<b>\$ (19,306)</b>	<b>\$ 36,227</b>

## Fiore Gold Ltd.

Notes to the Interim Financial Statements

For the three and nine months ended June 30, 2018 and 2017

(unaudited, expressed in U.S. dollars)

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### 1. Nature of Operations

Fiore Gold Ltd. (the “Company” or “Fiore Gold”) is a new Americas focused gold producer and explorer with the producing Pan mine in Nevada, as well as a suite of exploration projects in Nevada, Washington and Chile. The Company is listed on the TSX Venture Exchange (“TSX-V”) under the symbol “F” in Canada and on the OTCQB in the United States under the symbol “FIOGF”. The address of its registered and records office is 400-725 Granville Street, P.O. Box 10325, Vancouver, British Columbia, V7Y 1G5.

Fiore Gold operates the Pan gold mine (“Pan”), which is a heap leach project. The Gold Rock and Golden Eagle gold properties are exploratory-stage projects and have identified gold mineralization. Cerro Tostado and Río Loa in Chile are early-stage exploratory projects.

These condensed consolidated interim financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the next twelve months. The Company had a net loss of \$5.04 million and generated net income of \$1.04 million (2017 - \$1.68 and \$3.78 million net loss) for the three and nine months ended June 30, 2018, respectively. The current quarter loss is the result of an \$8.69 million write-off of the Pampas el Peñon exploration project in Chile as the Company determined the project did not merit further expenditure. The option agreement was withdrawn effective July 11, 2018, and due to the material nature of the transaction, the carrying value of the property was adjusted as of June 30, 2018. As of June 30, 2018, the Company had \$7.19 million in cash and cash equivalents and working capital of \$17.35 million.

The Company considers itself to operate in a single segment, being the production of gold and mineral exploration and development of resources. The Company’s principal product is gold doré produced by Pan in Nevada. The Company’s significant non-current assets as of June 30, 2018 were approximately 97% in the United States and 3% in Chile.

### 2. Significant Accounting Policies

#### *Statement of Compliance*

These condensed consolidated financial statements as of and for the three and nine months ending June 30, 2018 are prepared in accordance with International Accounting Standard 34, “Interim Financial Reporting” (“IAS 34”), as issued by the International Accounting Standards Board (“IASB”). As the condensed interim consolidated financial statements do not include all disclosures required by the International Financial Reporting Standards (“IFRS”) for annual financial statements, they should be read in conjunction with the Company’s annual audited consolidated financial statements for the year ended September 30, 2017.

The condensed interim consolidated financial statements were approved by the Board of Directors on August 28, 2018.

#### *Basis of Presentation*

These condensed consolidated financial statements are expressed in U.S. dollars (“USD” or “\$”), unless otherwise noted, rounded to the nearest thousand, and include the accounts of the Company and its wholly-owned subsidiaries. These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments, which are measured at fair value through profit or loss. The condensed interim consolidated financial statements have been prepared based on the Company’s accounting policies set out in Note 2 of the annual audited consolidated financial statements for the year ended September 30, 2017.

## Fiore Gold Ltd.

Notes to the Interim Financial Statements

For the three and nine months ended June 30, 2018 and 2017

(unaudited, expressed in U.S. dollars)

The accompanying consolidated financial statements include the accounts of Fiore Gold Ltd. and its subsidiaries as listed below.

Name of Subsidiary	Country of Incorporation	Ownership Interest
Fiore Gold (US) Inc.	USA	100%
Fiore Exploration Ltd.	Canada	100%
GRP Pan, LLC	USA	100%
GRP Gold Rock, LLC	USA	100%
GRP Golden Eagle, LLC	USA	100%
GRP Eland, LLC	USA	100%
GRP Pinyon, LLC	USA	100%
GRP Services, LLC	USA	100%
Fiore Atacama SpA	Chile	100%
Fiore Andes SpA	Chile	100%

All intercompany transactions, balances, revenue and expenses have been eliminated in full on consolidation.

### New Accounting Pronouncements

The accounting policies used in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Company's audited consolidated financial Statements for the year ended September 30, 2017, and there have been no new standards or interpretations adopted which have had an impact on the accounting policies, financial position or performance of the Company.

The IASB issued the following new or revised pronouncements that may affect the Company's future financial statements. The Company is currently evaluating the impact on the financial statements.

- IFRS 9: Financial Instruments ("IFRS 9"): This standard replaces the current IAS 39: *Financial Instruments Recognition and Measurement*. Debt instruments will be measured with a new mixed measurement model having only two categories: amortized cost and fair value through profit and loss. The new standard also addresses financial liabilities which largely carries forward existing requirements in IAS 39, with the exception of fair value changes to credit risk for liabilities designated at fair value through profit and loss which are generally to be recorded in other comprehensive income. In addition, the new standard introduces a new hedge accounting model more closely aligned with risk management activities undertaken by entities. The new standard is effective for the Company beginning on October 1, 2018. The standard is not expected to have a material impact on the financial statements of the Company.
- IFRS 15: Revenue from Contracts with Customers ("IFRS 15"): This standard replaces IAS 11: *Construction Contracts*, IAS 18: *Revenue* and IFRIC 13: *Customer Loyalty Programs*. The standard contains a single model that applies to contracts with customers. Revenue is recognized as control is passed to the customer, either at a point in time or over time. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard is effective for the Company beginning on October 1, 2018. The new standard is not expected to have a material impact on the financial statements of the Company.
- IFRS 16: Leases ("IFRS 16"): This standard replaces IAS 17 – *Leases* and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019, with early application permitted for entities that apply IFRS 15. The Company is still in the process of assessing the impact on the financial statements of the new standard.

## **Fiore Gold Ltd.**

Notes to the Interim Financial Statements

For the three and nine months ended June 30, 2018 and 2017

(unaudited, expressed in U.S. dollars)

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### *Use of Estimates in the Preparation of Financial Statements*

The preparation of condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates include the metal content, recovery rates and valuation of ore on leach pads, the determination of impairment of mineral properties, equipment and mine development, the determination of proven and probable reserves, useful lives of assets used for depreciation and depletion, recognition of realizable future tax assets, and the determination of reclamation and environmental obligations. Actual results, as determined by future events, may differ from these estimates.

We consider an accounting estimate to be critical if it requires significant management judgments and assumptions about matters that are highly uncertain at the time the estimate is made and if changes in the estimate that are reasonably possible could materially impact the Company's financial statements.

### **3. Acquisition of Fiore Exploration Ltd.**

In July of 2017, GRP Minerals Corp. ("GRP") and Fiore Exploration entered into an agreement whereby GRP acquired Fiore Exploration combining their businesses to create Fiore Gold (the "Arrangement"). Under the terms of the Arrangement, GRP acquired Fiore Exploration through a share-based payment transaction on the basis of 0.265 shares of GRP exchanged for each share of Fiore Exploration. Outstanding options and warrants were also adjusted in accordance with the terms of the Arrangement. The Arrangement was implemented by way of a court-approved plan of arrangement under the Business Corporations Act (British Columbia).

In August of 2017, Fiore Exploration and 1127458 B.C. Ltd., a subsidiary of Fiore Exploration, closed on a brokered private placement financing for gross proceeds of CAD\$17.01 million through the issuance of 55,762,561 subscription receipts at CAD\$0.305 per subscription receipt. The subscription receipts converted into 14,777,078 units of Fiore Gold, with each unit consisting of one common share and one share purchase warrant exercisable for a period of three years from September 26, 2017 at CAD\$1.70 per share. An aggregate of 3,331,833 broker warrants were also issued, which converted into 882,935 Fiore Gold warrants exercisable at the same terms as above. The proceeds from the financing were placed into an escrow account and released to Fiore Gold upon completion of the Arrangement.

In September of 2017, the shareholders of GRP and Fiore Exploration approved the Arrangement. Upon closing of the Arrangement, 27,070,988 common shares of Fiore Gold were issued for the previously outstanding Fiore Exploration common shares, in addition to the 14,777,078 common shares issued for the financing proceeds noted above. Success fees were paid to the GRP and Fiore Exploration advisors in the cumulative amount of 1,605,921 common shares of Fiore Gold.

The Arrangement was accounted for in accordance with IFRS 2, Share Based-Payments. The Arrangement is considered to be a reverse takeover of Fiore Exploration by GRP. A reverse takeover transaction involving a non-public operating entity and a non-operating public company is in substance a share-based payment transaction, rather than a business combination. The transaction is equivalent to the issuance of equity instruments (shares, stock options and warrants) by GRP for the net assets and eventual public listing status of the non-operating company, Fiore Exploration. The fair value of the shares issued was determined based on the fair value of the common shares issued by GRP. Comparative figures presented within these consolidated financial statements are those of GRP.

Total consideration paid was \$41.68 million, inclusive of \$1.51 million of share based compensation expense on assumed options and transaction costs of \$1.06 million capitalized into the total consideration. Consideration given in excess of the net fair value of the assets received (\$28.33 million) of \$13.35 million has been recorded as a "non-cash" listing expense on the consolidated statements of loss and comprehensive loss for the year ended September 30, 2017. The following table summarizes the purchase price and allocated value of assets liabilities acquired, including a bridge loan from Fiore Exploration to GRP of CAD\$6.00 million issued during July 2017, in thousands:



**Fiore Gold Ltd.**

Notes to the Interim Financial Statements

For the three and nine months ended June 30, 2018 and 2017

(unaudited, expressed in U.S. dollars)

	<b>September 26,</b>
	<b>2017</b>
<b>Allocation of Purchase Price:</b>	
Cash and Cash Equivalents	\$ 14,271
Mineral Properties	9,331
GRP Bridge Loan Receivable	4,844
Other Long-Term Assets	233
Other Current Assets	136
Current Liabilities	(483)
	<u>\$ 28,332</u>

**4. Inventories**

The following table provides the components of inventories, in thousands:

	<b>June 30, 2018</b>	<b>September 30, 2017</b>
Materials and Supplies	\$ 429	\$ 265
Heap Leach In-Circuit	10,714	5,209
Finished Goods	21	375
Total Inventories	<u>\$ 11,164</u>	<u>\$ 5,849</u>

As of June 30, 2018, and September 30, 2017, all inventories were recorded at cost. As of June 30, 2018, production-related inventories included \$1.22 million of capitalized non-cash depreciation costs.

The period-end market value of the Company's production-related inventories is determined in part by using expected realizable gold prices and is highly sensitive to this input. A decline in metal price levels, a reduction in recovery rates and/or an increase in production costs on a per unit basis could result in, or contribute to, a future write-down of production-related inventories.

**5. Prepaid Expenses and Other Assets**

Prepaid expenses and other current assets and other long-term assets consisted of the following, in thousands:

	<b>June 30, 2018</b>	<b>September 30, 2017</b>
<b>Prepaid Expenses and Other Current Assets</b>		
Prepaid Expenses	\$ 790	\$ 967
Advanced Royalties (Pan)	279	829
Total Prepaid Expenses and Other Current Assets	<u>\$ 1,069</u>	<u>\$ 1,796</u>
<b>Other Long Term Assets</b>		
Deposits	\$ 152	\$ 154
Advanced Royalties (Gold Rock)	586	296
Total Other Long Term Assets	<u>\$ 738</u>	<u>\$ 450</u>

## Fiore Gold Ltd.

Notes to the Interim Financial Statements

For the three and nine months ended June 30, 2018 and 2017

(unaudited, expressed in U.S. dollars)

### 6. Mineral Property, Plant and Equipment

Mineral property, plant and equipment consisted of the following, in thousands:

	Mineral Properties	Plants & Equipment	Land	Mining Properties	Construction in Progress	Total
<b>For the nine months ended June 30, 2018</b>						
Opening, Net Book Value	\$ 14,790	\$ 1,753	\$ 707	\$ 1,657	\$ 2,934	\$ 21,841
Acquired Assets	-	-	-	-	-	-
Additions	808	306	-	-	6,240	7,354
Transfers	-	7,653	-	-	(7,653)	-
Disposals	(8,791)	-	-	-	-	(8,791)
Translation Adjustment	(13)	-	-	-	-	(13)
Depreciation	(800)	(1,778)	-	(239)	-	(2,817)
Ending, Net Book Value	\$ 5,994	\$ 7,934	\$ 707	\$ 1,418	\$ 1,521	\$ 17,574
<b>As of June 30, 2018</b>						
Cost	7,064	10,316	707	1,762	1,521	21,370
Accumulated Depreciation	(1,070)	(2,382)	-	(344)	-	(3,796)
Net Book Value	\$ 5,994	\$ 7,934	\$ 707	\$ 1,418	\$ 1,521	\$ 17,574
	Mineral Properties	Plants & Equipment	Land	Mining Properties	Construction in Progress	Total
<b>For the year ended September 30, 2017</b>						
Opening, Net Book Value	\$ 2,489	\$ 1,966	\$ 707	\$ 98	\$ 1,014	\$ 6,274
Acquired Assets	9,331	-	-	-	-	9,331
Additions	3,242	206	-	-	3,653	7,101
Transfers	-	75	-	1,658	(1,733)	-
Disposals	-	-	-	-	-	-
Translation Adjustment	(25)	-	-	-	-	(25)
Depreciation	(247)	(494)	-	(99)	-	(840)
Ending, Net Book Value	\$ 14,790	\$ 1,753	\$ 707	\$ 1,657	\$ 2,934	\$ 21,841
<b>As of September 30, 2017</b>						
Cost	15,060	2,357	707	1,762	2,934	22,820
Accumulated Depreciation	(270)	(604)	-	(105)	-	(979)
Net Book Value	\$ 14,790	\$ 1,753	\$ 707	\$ 1,657	\$ 2,934	\$ 21,841

During the three months ended June 30, 2018, the Company wrote off the Pampas el Peñon mineral property balance by \$8.69 million as the Company determined the project did not merit further expenditure. The option agreement was withdrawn effective July 11, 2018, and due to the material nature of the transaction, the carrying value of the property was adjusted as of June 30, 2018. During the nine months ended June 30, 2018, in addition to the Pampas el Peñon mineral property balance, the Company also wrote-off the Lomas de Puquios mineral property balance by \$0.10 million as the Company terminated the option agreement effective April 2018.

For the three and nine months ended June 30, 2017 there were no impairment charges or impairment reversals.

## Fiore Gold Ltd.

Notes to the Interim Financial Statements

For the three and nine months ended June 30, 2018 and 2017

(unaudited, expressed in U.S. dollars)

### 7. Mineral Properties

Following is a detailed breakdown of mineral properties, in thousands:

	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Translation Adjustment</u>	<u>Ending Balance</u>
<b>For the nine months ended June 30, 2018</b>					
Property Acquisition costs	\$ 9,724	\$ 96	\$ (8,791)	\$ (13)	\$ 1,016
Provision for Reclamation and Remediation	2,302	712	-	-	3,014
Pre-commercial Production Loss	3,034	-	-	-	3,034
	<u>\$ 15,060</u>	<u>\$ 808</u>	<u>\$ (8,791)</u>	<u>\$ (13)</u>	<u>\$ 7,064</u>
Depreciation	\$ (270)	\$ (800)	\$ -	\$ -	\$ (1,070)
Total Mineral Properties	<u>\$ 14,790</u>	<u>\$ 8</u>	<u>\$ (8,791)</u>	<u>\$ (13)</u>	<u>\$ 5,994</u>
	<u>Opening Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Translation Adjustment</u>	<u>Ending Balance</u>
<b>For the year ended September 30, 2017</b>					
Property Acquisition costs	\$ 418	\$ 9,331	\$ -	\$ (25)	\$ 9,724
Provision for Reclamation and Remediation	2,251	51	-	-	2,302
Pre-commercial Production Loss	(157)	3,191	-	-	3,034
	<u>\$ 2,512</u>	<u>\$ 12,573</u>	<u>\$ -</u>	<u>\$ (25)</u>	<u>\$ 15,060</u>
Depreciation	\$ (23)	\$ (247)	\$ -	\$ -	\$ (270)
Total Mineral Properties	<u>\$ 2,489</u>	<u>\$ 12,326</u>	<u>\$ -</u>	<u>\$ (25)</u>	<u>\$ 14,790</u>

### 8. Accrued Reclamation and Remediation

As of June 30, 2018, and September 30, 2017, \$3.68 million and \$2.67 million was accrued for reclamation obligations relating to the Company's properties, respectively.

Below is a reconciliation of the Company's accrued reclamation and remediation through June 30, 2018, in thousands.

Balance as of September 30, 2016	\$ 2,341
Additions, Changes in Estimates and Other	51
Liabilities Settled	-
Accretion of Liability	278
Balance as of September 30, 2017	\$ 2,670
Additions, Changes in Estimates and Other	712
Liabilities Settled	-
Accretion of Liability	294
Balance as of June 30, 2018	\$ 3,676
Less: Current Accrued Reclamation and Remediation	-
Long-Term Accrued Reclamation and Remediation	<u>\$ 3,676</u>

The estimated future value of undiscounted reclamation and abandonment costs of \$19.37 million were discounted using a rate of 12.91% from the time the obligation was incurred to the time the Company expects to pay the retirement obligation. The expected timing of cash flows in respect of the provision is based on the estimated life of the mining operations.

## Fiore Gold Ltd.

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The Company is required to post bonds with the Bureau of Land Management (“BLM”) for reclamation of planned mineral exploration and development programs associated with the Company’s mineral properties located in the United States. As of June 30, 2018, and September 30, 2017, the Company had surety contracts in place for required reclamation bonds covering the Company’s exploration projects.

As a part of the permitting process for the Pan project, the Company is currently required to have a reclamation bond of approximately \$15.35 million held with the BLM. The Company purchased a surety contract for the reclamation bond, which required collateral to be posted into an escrow account as security for abandonment and remediation obligations. A \$5.13 million reclamation deposit is held within a collateral account, which has been recorded in reclamation deposits on the consolidated statements of financial position as of June 30, 2018. As of September 30, 2017, the reclamation deposit balance within the collateral account was \$1.27 million.

The Company is required to maintain the reclamation bond until all abandonment and remediation obligations have been completed to the satisfaction of the BLM. The surety contract names the Company and several of its subsidiaries as indemnitors to the surety agreement. The surety may require additional collateral to be placed into the reclamation deposit account at their discretion.

### 9. Warrant Derivatives

The exercise price of certain warrants is denominated in Canadian dollars; however, the functional currency of the Company is the U.S. dollar. As a result of this difference in currencies, the proceeds that would be received upon exercise by the Company are not fixed and will vary based on foreign exchange rates, therefore the warrants are a derivative and are required to be recognized and measured at fair value at each reporting period. Any changes in fair value from period to period are recorded as a non-cash gain or loss in the consolidated statement of income / (loss) and comprehensive income / (loss). Upon exercise, the holders will pay the Company the respective exercise price for each warrant exercised in exchange for one common share of the Company and the fair value at the date of exercise and the associated non-cash liability will be reclassified to share capital. The non-cash liability associated with any warrants that expire unexercised will be recorded as a gain in the consolidated statement of income / (loss) and comprehensive income (loss). There are no circumstances in which the Company would be required to pay any cash upon exercise or expiry of the warrants.

In August 2017, Fiore closed a concurrent financing for gross proceeds of CAD\$17.01 million. Fiore and its subsidiary issued an aggregate of 55,762,561 (14,777,078 exchanged) subscription receipts at CAD\$0.305 (CAD\$1.15 exchanged) per subscription receipt in the brokered private placement. Each subscription receipt converted into one unit of Fiore Gold Ltd., with each unit consisting of one common share and one share purchase warrant exercisable for a period of three years from September 26, 2017 into a common share of Fiore Gold Ltd. at CAD\$0.45 (CAD\$1.70 exchanged) per share. An aggregate of 3,331,833 (882,935 exchanged) brokers warrants were also issued, each broker warrant being exercisable into one unit of Fiore Gold Ltd., on the same terms as above.

In addition, GRP had issued 6,554,897 special warrants prior to the Arrangement, with each special warrant exercisable to acquire one share of common stock for no additional consideration to the Company. With the closing of the Agreement, each special warrant was converted into one common share of Fiore Gold Ltd. and one share purchase warrant exercisable for a period of three years from September 26, 2017 into one common share of Fiore Gold Ltd. at CAD\$1.77.

In total, 22,214,910 warrants of the Company were granted which are denominated in the Canadian dollar. A reconciliation of the change in fair values of the warrant derivatives is below, in thousands:

Balance as of September 30, 2017	\$	6,589
Change in Fair Value of Warrants		(5,702)
Balance as of June 30, 2018	\$	887

The fair value of the warrants was calculated using the Black-Scholes valuation model. The weighted average assumptions used in the model are:

	June 30, 2018	September 30, 2017
Risk-Free Interest Rate	2.52 %	1.62 %
Expected Life (in Years)	2.24	2.99
Annualized Volatility	72.15 %	72.92 %
Dividend Rate	0.00 %	0.00 %

## Fiore Gold Ltd.

Notes to the Interim Financial Statements

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### 10. Equity

#### (a) Authorized and Issued

The Company is authorized to issue an unlimited number of common shares and preferred shares without nominal or par value. The Company had 97,566,128 common shares issued and outstanding as of June 30, 2018 and 97,491,928 as of September 30, 2017.

#### (b) Common Share Issuances

- i. The Company issued through private placement offerings, over four closing dates, 6,554,897 special warrants for \$0.80 per special warrant. The special warrant holders held the right to exercise the special warrant at any time prior to September 30, 2017 for one common share of the Company's common stock. If the Company had not effected an exchange listing prior to September 30, 2017 (as defined in the Special Warrant Agreement) each special warrant would have been deemed to be exercised and automatically exchanged for common shares of the Company's common shares at a rate of 1.1 common share per special warrant. Upon closing of the Arrangement, each special warrant was converted into one common share of the Company, along with one share purchase warrant.
- ii. The Arrangement between GRP and Fiore Exploration led to the formation of Fiore Gold Ltd. through a share-based payment transaction. Pursuant to the terms of the Arrangement, 0.265 common shares of GRP were issued for one common share of Fiore Exploration. 27,070,988 common shares were issued for the previously outstanding common shares of Fiore, 14,777,078 common shares were issued for the financing shares and 1,605,921 common shares were issued as success fee payments to GRP's and Fiore Exploration's advisors.
- iii. During the three and nine months ended June 30, 2018, the Company issued 74,200 common shares pursuant to the exercise of stock options.

#### (c) Stock Options

The Company has an option incentive plan administered by the Compensation Committee of the Board of Directors of the Company for its employees, officers, advisors and non-employee directors. The plan provides for the issuance of incentive options to acquire up to a total of 10% of the issued and outstanding common shares of the Company at any one time. Such options are exercisable for a period of up to 10 years from the date of grant with the exercise price not less than the closing price of the Company's shares on date of grant. The Company currently has options granted under the plan denominated in \$CAD and \$USD.

*Canadian Dollar Denominated Options (all amounts herein are denominated in \$CAD, unless otherwise noted)*

The continuity of \$CAD denominated stock options issued and outstanding is as follows:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number of Shares Exercisable
Outstanding, September 30, 2017	3,896,675	\$ 1.31	\$ 371,477	3,187,213
Granted	475,000	0.60	-	237,500
Exercised	(74,200)	0.19	-	(74,200)
Cancelled	(81,000)	1.37	-	(80,250)
Outstanding, June 30, 2018	4,216,475	\$ 1.25	\$ 100,170	3,270,263

As part of the Arrangement, outstanding Fiore Exploration stock options as of September 26, 2017 were assumed by the Company as part of the aggregate consideration paid. Fiore Exploration had 9,350,000 options outstanding, which upon conversion at the ratio of 0.265 options of the Company for every one option of Fiore Exploration, converted into 2,477,750 options of the Company. The aggregate fair value was US\$1.58 million.

## Fiore Gold Ltd.

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On September 27, 2017, the Company granted 1,418,925 stock options to employees, officers, directors and advisors of the Company with an exercise price of \$1.15, exercisable until September 27, 2027. Using the Black-Scholes option pricing model, the grant date fair value was \$1.35 million. The following assumptions were used to fair value the options on the grant date: expected life – 10 years; weighted average expected volatility – 85.62%, expected dividend yield – 0.0%, risk free interest rate – 1.56%, share price - \$1.15.

On December 21, 2017, the Company granted 175,000 stock options to a director of the Company with an exercise price of \$0.75, exercisable until December 21, 2027. Using the Black-Scholes option pricing model, the grant date fair value was \$0.63 per share. The following assumptions were used to fair value the options on the grant date: expected life – 10 years; weighted average expected volatility – 85.16%, expected dividend yield – 0.0%, risk free interest rate – 2.48%, share price - \$0.75.

On May 7, 2018, the Company granted 300,000 stock options to a new officer of the Company with an exercise price of \$0.52, exercisable until May 7, 2028. Using the Black-Scholes option pricing model, the grant date fair value was \$0.42 per share. The following assumptions were used to fair value the options on the grant date: expected life – 10 years; weighted average expected volatility – 77.14%, expected dividend yield – 0.0%, risk free interest rate – 2.39%, share price - \$0.52.

Exercise Prices	Options Outstanding			Options Exercisable		
	Number of Shares	Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	Aggregate Intrinsic Value
\$0.19	357,750	7.6	\$ 0.19	357,750	\$ 0.19	\$ 100,170
\$0.52	300,000	9.6	0.52	150,000	0.52	-
\$0.75	175,000	9.2	0.75	87,500	0.75	-
\$1.15	1,417,425	9.0	1.15	708,713	1.15	-
\$1.32	795,000	5.8	1.32	795,000	1.32	-
\$1.62	344,500	7.4	1.62	344,500	1.62	-
\$1.92	601,550	5.5	1.92	601,550	1.92	-
\$2.38	172,250	8.0	2.38	172,250	2.38	-
\$2.42	53,000	8.0	2.42	53,000	2.42	-
	<u>4,216,475</u>	<u>7.6</u>	<u>\$ 1.25</u>	<u>3,270,263</u>	<u>\$ 1.32</u>	<u>\$ 100,170</u>

### U.S. Dollar Denominated Options

The continuity of \$US denominated stock options issued and outstanding is as follows:

	Number of Shares	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number of Shares Exercisable
Outstanding, September 30, 2017	4,965,000	\$ 0.80	\$ -	2,550,000
Granted	-	-	-	-
Exercised	-	-	-	-
Cancelled	(270,000)	0.80	-	(140,000)
Outstanding, June 30, 2018	<u>4,695,000</u>	<u>\$ 0.80</u>	<u>\$ -</u>	<u>3,552,500</u>

On June 8, 2017, the Company granted 4,850,000 stock options to employees of the Company with an exercise price of \$0.80, exercisable until June 8, 2022. Using the Black-Scholes option pricing model, the grant date fair value was \$2.90 million. The following assumptions were used to fair value the options on the grant date: expected life – 5 years; weighted average expected volatility – 228.53%, expected dividend yield – 0.0%, risk free interest rate – 1.26%, share price - \$0.80.

On June 14, 2017, the Company granted 250,000 stock options to a director of the Company with an exercise price of \$0.86, exercisable until June 14, 2022. Using the Black-Scholes option pricing model, the grant date fair value was \$0.16 million. The following assumptions were used to fair value the options on the grant date: expected life – 5 years; weighted average expected volatility – 228.53%, expected dividend yield – 0.0%, risk free interest rate – 1.26%, share price - \$0.86.

## Fiore Gold Ltd.

Notes to the Interim Financial Statements

For the three and nine months ended June 30, 2018 and 2017

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As of June 30, 2018, the following \$US denominated options were outstanding and vested:

Exercise Prices	Options Outstanding			Options Exercisable		
	Number of Shares	Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price	Aggregate Intrinsic Value
\$0.80	4,445,000	3.8	\$ 0.80	3,365,000	\$ 0.80	\$ -
\$0.86	250,000	3.8	0.86	187,500	0.86	-
	<u>4,695,000</u>	<u>3.8</u>	<u>\$ 0.80</u>	<u>3,552,500</u>	<u>\$ 0.80</u>	<u>\$ -</u>

During the three and nine months ended June 30, 2018, the Company recognized \$0.28 million and \$1.10 million of share-based compensation expense, respectively. The Company recognized \$1.53 million during both the three and nine month periods ended June 30, 2017.

### (d) Warrant Issuances

Refer to Note 9 for discussion regarding the Canadian dollar denominated warrants. A summary of the outstanding warrants as of June 30, 2018 is below:

Warrant Type	Warrants Outstanding and Exercisable	Strike Price	Expiration Date	Remaining Contractual Life (years)
Financing Warrant	14,777,078	CAD\$1.70	September 26, 2020	2.24
Financing Broker Warrant	882,935	CAD\$1.70	September 26, 2020	2.24
Special Warrant	6,554,897	CAD\$1.77	September 26, 2020	2.24
GRP Broker Warrant	87,180	\$0.80	Various	0.07

During the three and nine months ended June 30, 2018, 186,900 GRP Broker Warrants with an \$0.80 exercise price expired unexercised. During the three and nine months ended June 30, 2017, there were no exercised or expired warrants.

## 11. Production Costs

Below is a detailed breakdown of production costs, in thousands:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017
Mining	\$ 5,860	\$ 2,045	\$ 13,747	\$ 2,314
Mine General and Administrative	981	1,352	2,800	1,513
Processing	1,464	542	3,499	661
Selling Expenses and Silver Credits	11	10	30	13
Total Production Costs	<u>\$ 8,316</u>	<u>3,949</u>	<u>\$ 20,076</u>	<u>4,501</u>

**Fiore Gold Ltd.**

Notes to the Interim Financial Statements

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**12. General and Administrative Expenses**

Below is a detailed breakdown of general and administrative expenses, in thousands:

	<b>Three Months Ended June 30,</b>		<b>Nine Months Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Salaries and Benefits	\$ 665	\$ 484	\$ 1,715	\$ 1,460
Share Based Compensation	182	985	756	985
Accounting and Legal	127	241	382	546
Administrative and Other	453	253	1,178	578
<b>Total General and Administrative</b>	<b>\$ 1,427</b>	<b>\$ 1,963</b>	<b>\$ 4,031</b>	<b>\$ 3,569</b>

**13. Earnings Per Share**

Below is a reconciliation of basic and diluted earnings per share, in thousands, except share and per share data:

	<b>Three Months Ended June 30,</b>		<b>Nine Months Ended June 30,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Basic Earnings (Loss) Per Share:</b>				
Net Income / (Loss)	\$ (5,035)	\$ (1,680)	\$ 1,039	\$ (3,783)
Weighted-Average Shares Outstanding	97,539,775	47,483,044	97,507,760	47,483,044
<b>Basic Earnings (Loss) Per Share</b>	<b>\$ (0.05)</b>	<b>\$ (0.04)</b>	<b>\$ 0.01</b>	<b>\$ (0.08)</b>
<b>Diluted Earnings (Loss) Per Share:</b>				
Net Income / (Loss)	\$ (5,035)	\$ (1,680)	\$ 1,039	\$ (3,783)
Weighted-Average Shares Outstanding	97,539,775	47,483,044	97,507,760	47,483,044
<b>Dilutive Securities:</b>				
Stock Options	657,750	4,850,000	657,750	4,850,000
Warrants		274,080		274,080
<b>Total Shares</b>	<b>98,197,525</b>	<b>52,607,124</b>	<b>98,165,510</b>	<b>52,607,124</b>
<b>Diluted Earnings (Loss) Per Share</b>	<b>\$ (0.05)</b>	<b>\$ (0.03)</b>	<b>\$ 0.01</b>	<b>\$ (0.07)</b>

The determination of weighted average shares outstanding for the three months ended June 30, 2018 for the purpose of calculating dilutive earnings per share excludes 31,438,750 shares relating to 8,253,725 options and 23,185,025 warrants as the effects of inclusion would have been anti-dilutive as the underlying exercise prices exceeded the average market price for the three months ended June 30, 2018 of CAD\$0.57.

The determination of weighted average shares outstanding for the nine months ended June 30, 2018 for the purpose of calculating dilutive earnings per share excludes 31,438,750 shares relating to 8,253,725 options and 23,185,025 warrants as the effects of inclusion would have been anti-dilutive as the underlying exercise prices exceeded the average market price for the nine months ended June 30, 2018 of CAD\$0.68.

There were no shares excluded for the three or nine month periods ended June 30, 2017.



## Fiore Gold Ltd.

Notes to the Interim Financial Statements

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### 14. Related Parties

Key management comprises directors and executive officers. The compensation and short-term benefits to key management was as follows, in thousands:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2018	2017	2018	2017
Director Fees	\$ 36	\$ -	\$ 101	\$ -
Senior Management	301	184	670	530
Share-Based Payment	98	1,119	185	1,119
Total	<u>\$ 435</u>	<u>\$ 1,303</u>	<u>\$ 956</u>	<u>\$ 1,649</u>

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company. Amounts due to key management and directors as of June 30, 2018 was \$0.04 million.

### 15. Commitments and Contingencies

(US\$000's)	Total	< 1 Year	2 - 3 Years	4 - 5 Years	> 5 Years
Operating Leases <sup>(i)</sup>	507	112	146	143	106
Mining Claim Assessments <sup>(ii)</sup>	2,304	384	768	768	384
Project Commitments <sup>(iii)</sup>	3,530	-	791	2,739	-
Advance Royalties <sup>(iv)</sup>	2,430	-	972	972	486
Other Obligations <sup>(v)</sup>	93	93	-	-	-
<b>Total Contractual Obligations</b>	<b>8,864</b>	<b>589</b>	<b>2,677</b>	<b>4,622</b>	<b>976</b>

(i) The Company has obligations under operating leases for its corporate offices in Englewood, Colorado until 2019 and Toronto, Canada until 2024. The total remaining obligation through the lease terms is \$0.51 million, with \$0.11 million due within one year. Current sub-lease payments to be received over the term of the rental agreements are approximately \$0.07 million. The Company recognized \$0.05 and \$0.15 million in rent expense relating to these agreements during the three and nine months ended June 30, 2018.

(ii) The Company currently holds mining claims on which it has an annual assessment obligation. In order to maintain the claims in good standing, there is an annual fee of approximately \$0.38 million. The Company is committed to this annual obligation for the indefinite future in order to maintain title to these claims.

(iii) The Company has work commitments and option payments on the Chilean properties of which the Company currently intends to continue exploration activities on, through 2021.

(iv) *Pan* - On or before January 5<sup>th</sup> of each year, the Company must pay an advance minimum royalty of the greater of \$60,000 or the dollar equivalent of 174 ounces of gold valued by the average of the London afternoon fixing price for the third calendar quarter preceding January 1 of the year in which the payment is due.

#### Gold Rock

- *Nevada Royalty Corp.* - Annually the Company must pay an advance minimum royalty of the greater of \$60,000 or dollar equivalent of 108.05 ounces of gold valued by the average of the London afternoon fixing for the third calendar quarter proceeding January 1 of the year in which the payment is due.
- *Anchor Minerals Inc.* - Annually the Company must pay an advanced minimum royalty of the greater of \$30,000 or the gold equivalent price which is determined by dividing \$30,000 over the closing price of gold on January 15, 2007 and multiplying the result by the closing price of gold on the last business day of December 2010.
- *Messers. Peart, Pankow and Jordan of Nevada* - The Company is required to make annual minimum royalty payments of \$0.08 million for years 2017 and 2018 and \$0.10 million for years 2019 and thereafter.

(v) The Company has one-year term consulting arrangements that expire at various times during fiscal year 2018. The total amount of these agreements is \$0.09 million.

## Fiore Gold Ltd.

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### 16. Management of Financial Risk

The Company has exposure to credit risk, liquidity risk and market risks from its use of financial instruments. Information regarding the Company's exposure to each of these risks, the Company's objectives, policies and processes for measuring and managing each risk is below. Risk management is the responsibility of the Company's management team, while the Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

#### a) Fair Value of Financial Instruments

Cash and cash equivalents, accounts and other receivables, and accounts payable and accrued liabilities approximate their fair value due to their short-term nature.

#### Fair Value

The Company's financial instruments consist of cash and cash equivalents, accounts and other receivables, reclamation deposits, accounts payable and accrued liabilities, and warrant derivatives. Cash and cash equivalents, accounts and other receivables and reclamation deposits are designated as loans and receivables, which are measured at amortized cost. The accounts payable and accrued liabilities are designated as other financial liabilities, which are measured at amortized cost. The warrant derivatives are designated as fair value through profit or loss. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

As of June 30, 2018, the warrant derivatives (Note 9) were measured and recognized on the balance sheet at \$0.89 million using level 2 inputs. The Company does not have any financial instruments that are measured using level 3 inputs.

During the three and nine months ended June 30, 2018 and year ended September 30, 2017 there were no transfers between level 1, level 2 and level 3 classified assets and liabilities.

#### b) Credit Risk

Credit risk is the risk of potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to cash held by Canadian chartered banks and American financial entities. The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

The Company limits its exposure to credit risk on liquid financial assets through investing its cash and cash equivalents with high-credit quality financial institutions.

## Fiore Gold Ltd.

### Notes to the Interim Financial Statements

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#### c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities and through the management of its capital structure. The Company's only contractual obligations are the operating leases discussed in Note 15. Management has concluded that the Company has adequate financial resources to settle obligations as of June 30, 2018.

The Company's significant undiscounted commitments as of June 30, 2018 and September 30, 2017 are as follows, in thousands:

				<u>June 30,</u>	<u>September 30,</u>
				<u>2018</u>	<u>2017</u>
	<u>1 Year</u>	<u>2 - 5 Years</u>	<u>5+ Years</u>	<u>Total</u>	<u>Total</u>
Accounts Payable and Accrued Liabilities	\$ 1,679	\$ -	\$ -	\$ 1,679	\$ 3,091
Accrued Payroll and Related Benefits	396	-	-	396	430
Accrued Reclamation and Remediation	-	200	19,165	19,365	13,729
	<u>\$ 2,075</u>	<u>\$ 200</u>	<u>\$ 19,165</u>	<u>\$ 21,440</u>	<u>\$ 17,250</u>

#### d) Market Risk

##### i. Foreign Currency Risk

The Company's functional and reporting currency is the U.S. dollar with the majority of major purchases transacted in the U.S. dollar. However, the Company operates in more than one country, as a result, a portion of the Company's financial assets and liabilities are denominated in Canadian dollars or Chilean pesos. The Company monitors this exposure, but has no contractual hedge positions. Financial assets and liabilities as of June 30, 2018 in Canadian dollars or Chilean pesos are as follows, stated in thousands of U.S. dollars:

	<u>Chilean Peso</u>	<u>Canadian Dollars</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 36	\$ 1,771	\$ 1,807
Accrued Liabilities	-	92	92
Warrant Derivatives	-	887	887
Total	<u>\$ 36</u>	<u>\$ 2,750</u>	<u>\$ 2,786</u>

##### ii. Other Price Risk

Management has concluded that the Company's greatest price risk exposure is fluctuations in precious metal prices. The volatility of precious metal prices represents a substantial risk, which no amount of planning or technical expertise can fully eliminate. In the event gold prices decline or remain low for prolonged periods of time, the Company may be unable to develop its properties, which could adversely affect the Company's results of operations, financial performance and cash flows. A 5% change in the market price of gold would have resulted in a change in the Company's revenue during the three and nine months ended June 30, 2018 of approximately \$0.69 and \$1.68 million, respectively.

## 17. Capital Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to support its normal operating requirements, continue the operations, development, exploration, and evaluation of its mineral properties, support any expansionary plans and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages and adjusts its capital structure based on available funds to support operations and the exploration and development of its mineral properties. The Company considers its capital under management to consist of cash and cash equivalents. The Company manages the capital structure and adjusts considering changes in economic conditions and the risk characteristics of the Company's assets.

**Fiore Gold Ltd.**

Notes to the Interim Financial Statements

For the three and nine months ended June 30, 2018 and 2017

(unaudited, expressed in U.S. dollars)

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To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company may finance acquisition, development and exploration activity through cash flows from operations, joint ventures, by taking on debt or share capital when market conditions are suitable.

Management reviews its capital management approach on an ongoing basis and believes that its approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three and nine months ended June 30, 2018.